



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF
CHIEF COUNSEL

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The Honorable John Warner
United States Senator
World Trade Center, Suite 4900
101 West Main Street
Norfolk, VA 23510

Dear Senator Warner:

This letter is in reply to your inquiry dated April 14, 2000, on behalf of your constituent, [REDACTED]. [REDACTED] states that his state income tax withholding has increased with respect to his monthly retirement pension, and he has been informed by his employer that the increase was because the United States Government has increased its withholding tables. He wants to know when the Internal Revenue Service changed the withholding tables and under what authority. The change in his state withholding took place in his March 2000 monthly pension check.

We are pleased to inform you that the IRS has not increased withholding amounts in the year 2000. Effective with payments made on or after January 1, 2000, amounts required to be withheld under the income tax withholding tables either remained the same or were lowered to reflect the effect of inflation. Under the authority of section 3402(a)(1)(B) of the Internal Revenue Code, the basic income tax withholding tables are adjusted annually to reflect the annual adjustments in income tax liability because of inflation. Thus, for payments made on or after January 1, 2000, withholding on a particular amount of payment should have either been decreased or remained the same, depending on the amount. Of course, if a taxpayer filed a new Form W-4, Employee's Withholding Allowance Certificate, or Form W-4P, Withholding Certificate for Pension or Annuity Payments, requesting additional withholding or less withholding allowances, withholding for that taxpayer may increase.

I hope this information is helpful to you in responding to your constituent. If you have further questions, please call me or Alfred G. Kelley (Identification Number 50-03882) at (202) 622-6040.

Sincerely,

Jerry E. Holmes
Chief, Employment Tax Branch 2
Office of Division Counsel/
Associate Chief Counsel
(Tax Exempt and Government Entities)